

COPY NO 39

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: APR 2 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" -- items indicating Soviet-Communist intentions or capabilities
 - "B" -- important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" -- other information indicating trends and potential developments

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SECTION 1 (SOVIET)

"A" USSR. USSR Intra-Party Dispute on Farm Consolidation Program. Embassy Moscow comments on signs of a Soviet intra-party dispute on the farm consolidation program. An apparent attack on Politburo member Khrushchev's recent article regarding consolidation of collective farm villages has been made by Armenian party boss Arutyunov in the Armenian provincial press. Arutyunov attacked "comrades" who "tended to disorient" the Party on objectives of the campaign for consolidation of collective farms. He asserted that the main task is consolidation of farm work, not consolidation of villages. The Embassy believes that the sharp tone of Arutyunov's remarks reflecting on a Politburo member is significant, even though it was announced in PRAVDA on the day following the appearance of Khrushchev's article that the article had been published for discussion. (S Moscow WEEKA, 30 Mar 51). COMMENT: The new Soviet policy on consolidation of collective farms initiated under Khrushchev after his appointment as Moscow party boss in December 1949 appears to be, as the Embassy suggests, a long-standing subject of disagreement at the top level of the Party. Another Politburo member, Andrejev, was publicly rebuked for his views on the organization of collective farm work a year ago.

"C" German Specialists to be Recruited by USSR. West German sources predicted that there would be a new East German campaign to recruit German specialists for work in the Soviet Union. The Soviet Control Commission allegedly instructed Herbert Warnke, Chairman of the East German Communist Trade Union Federation, to open the campaign both in the Soviet Zone and West Germany shortly. The specialists, including scientists, would be invited to sign three-year contracts. Contracts of many German specialists taken to the Soviet Union immediately after the war are expected to expire this year. Several hundred have already returned to East Germany in the past six months. (U FBID ticker, 30 Mar 51). COMMENT: [REDACTED] 25X1C
[REDACTED] engineers in Sov Zone factories were being asked to fill out personal history questionnaires. [REDACTED] dis- 25X1C
tribution of these questionnaires might be preparations for deportation to the USSR. [REDACTED] German and Austrian 25X1C
scientists and technicians in the Soviet Union have revealed that many of them were being allowed to return home with their families at the expiration of their contract period.

"C" KOREA. Moscow Press Plays Up Chinese Reactions to MacArthur Statement. PRAVDA's rehash of the Chinese Peace Committee's rejection of MacArthur's truce offer says MacArthur aroused the indignation of other peace-loving people as well as Chinese, and caused confusion and embarrassment among ruling circles in Americanized countries. The "bourgeois press hastened to show that MacArthur spoke on his own without securing agreement of the US Defense or State Departments." [REDACTED] 25X1A
The PRAVDA article was restrained in contrast with Chinese declarations quoted. The suggestion that even Western ruling circles do not see eye to eye with MacArthur

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may be designed to quiet jumpy local nerves. Slightness of attention given the MacArthur offer of a field armistice probably does not indicate consideration of the offer, but rather inability to use it as a good target for counter-propaganda. (R Moscow 1750, 1 Apr 51).

"B" EASTERN EUROPE. ALBANIA. Italian Theory on Current Incidents in Albania.

the belief is current in Albania that the bombing of the Soviet Legation in Tirana on 19 February was a ruse on the part of the Soviets to justify severe repressive measures and to strengthen direct Soviet control.

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the only persons killed by the bomb were minor officials. COMMENT: The theory that the Soviets need to justify rather than merely impose more repressive measures would indicate that Soviet control may not be as secure as it has been. Underground resistance activities, therefore, appear to have achieved a measure of success.

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"A" Arrest of Vice Premier Jakova Rumored.

Albanian Premier Enver Hoxha and Vice Premier Tuk Jakova are at odds and Jakova is under arrest. It is not known whether Jakova's arrest on or about 12 March is connected with the attempt on the lives of the Soviet officials. By 5 April all Communist Party members are reportedly to be called to their respective Party centers to discuss the situation created by the bombing of the Soviet Legation in Tirana and Jakova's arrest.

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COMMENT: believes that both Hoxha and Jakova are in sympathy with the population against harsh Soviet repressive measures. (See O/CI Daily Digest, 31 Mar 51). It should also be noted that, according to a Tirana broadcast, Jakova visited Durres on 29 March to welcome a shipment of Soviet wheat. Vice Premier Jakova, if he has actually fallen into disgrace, will probably be dealt with by the Minister of Interior, Mehmet Shehu, who as head of the Secret Police, and leading Soviet agent in Albania, will spearhead the campaign against deviationists.

"B" CZECHOSLOVAKIA. Czechoslovak Ambassador To France Not To Return To Paris.

The American Embassy in Praha has been reliably informed that Dr. Adolf Hoffmeister, Czechoslovak Ambassador to France, will not return to Paris and that his family is expected to arrive in Praha shortly. The Embassy adds that no information is available regarding the future status of Vladimir Outrata and Rudolph Bystricky, Czechoslovak Ambassadors to the United States and Great Britain, respectively, who were still in Praha during the week ending 30 March. (C Praha 603, 30 Mar 51). COMMENT: The probability of a purge of the Czechoslovak diplomats who had been recalled to Praha during February was discussed in the O/CI Daily Digest of 9 Mar 51. More recent evidence continues to support this hypothesis.

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"C"

RUMANIA. Formation of a "Special Brigade".

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the formation in the Timisoara area of a motley brigade of about 2,000 Yugoslavs, Hungarians, Bulgarians, a small number of Greek veterans of the Spanish civil war and a few White Russians who have been promised rehabilitation in Soviet eyes if they joined the brigade and served with good records.

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COMMENT: The existence of camps for guerrilla training near Timisoara and the motley nature of the trainees are supported by other information. However, the existence of an "International Brigade" organized for combat has not been substantiated.

"B"

YUGOSLAVIA. Lull in Satellite Instigated Border Incidents. According to N.Y. Times correspondent Handler, Yugoslav sources reported on 21 March that the Balkan Satellites have refrained from provoking any border incidents since the Deputy Ministers convened in Paris on 5 March. The Yugoslavs believe the lull in border incidents to be a temporary move designed to strengthen the Soviet position at the Paris meeting. By this tactic, it is believed the USSR may hope to cast doubt upon repeated border incidents reported by the Yugoslav Government and thereby indirectly undermine Western accusations that the Soviet Satellites are rearming illegally. The Yugoslavs also believe that there is some connection between the quiet along their frontiers and reported events in Albania. The Yugoslavs fear that the USSR may attempt to blame Yugoslavia for reported disorders in Albania and use this as a pretext for armed intervention. (U NY Times, 1 Apr 51).

COMMENT: It is impossible to judge the accuracy of the reported Yugoslav statement that no frontier violations have occurred since 5 March since the Yugoslavs have never reported every incident as it occurred. During the month of March, however, both Hungary and Bulgaria have addressed notes to Yugoslavia charging the latter with frontier violations. The Yugoslav account of the relaxation of pressure on their frontiers may reflect their apparent fear of Western intervention in Albania.

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SECTION 2 (EASTERN)

"B" IRAN. Parliament Reconvenes To Vote On Martial Law. The Majlis, Parliament's lower house, was to return from its holiday recess on 2 April to vote on the government's recent declaration of martial law in the oil fields of southern Iran, according to press reports from Tehran. The Senate planned to reconvene to discuss the subject on 5 April. (U FBIE 31 Mar 51; AP Tehran 1 Apr 51). COMMENT: Parliament is now legally required by law to ratify any declaration of martial law imposed by the Government while the Majlis is not in session. The Government has been using martial law to round up some extreme nationalists. The National Front Party, which has accused the Government of using martial law to persecute those whom it disapproves, will probably attack it on this issue. The session will be critical, since it should show whether the Majlis is still in an unreasonably nationalist frame of mind or whether, during its short recess, it has become aware of the seriousness of the present situation.

"B" PHILIPPINES. US Business Community Alarmed by Huk Attacks. According to an unofficial survey by the US Embassy, a considerable portion of the American business community favor returning their dependents to the US. The survey also revealed: (1) businessmen in Huk-infested areas operate only by paying tribute to the Huks; (2) two recent raids involving Americans are considered evidence that such tribute can no longer provide protection; (3) most businessmen and employees believe the Quirino administration, even with US guidance, is unable to cope effectively with this situation; and (4) until the law and order situation improves, it will be the general policy of most American companies to halt further commitments of funds to Philippine enterprises except to those in process of establishment (as required to protect investments already made. (C Manila 2959, 30 Mar 51). COMMENT: Circumstances of the two raids involving Americans indicate that tribute may not have been paid to the Huks, thus suggesting a possible motive for the attacks. 25X1C

"A" INDOCHINA. New Military Plans by "Democratic Republic of Vietnam" (Viet Minh).

25X1C [REDACTED] the DRV command has now decided to beat the arrival of French reinforcements by opening as soon as possible a limited offensive, rather than the large-scale coordinated offensive which was originally planned. 25X1A [REDACTED] COMMENT: The DRV military command has undoubtedly become aware of and taken account of General De Lattre's successful request for 13,000 French reinforcements for Indochina. 25X1C [REDACTED] the DRV is not yet in a position to sustain a coordinated offensive for more than a few days, owing to lack of ammunition. Reports on recent fighting in Tonkin indicate that the DRV is striking at local targets rather than attempting a

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general offensive within Tonkin.

"A" Military Engagements. DRV (Viet Minh) forces are continuing to probe French defenses in the Dongtrieu area north northwest of Haiphong apparently in an attempt to draw French forces into piecemeal ambushes. The French refuse to be tricked and are for their part attempting to attract DRV forces into open areas where the French hold the advantage. Conversations between Hanoi Consulate officials and high French military officials indicate that some thought is being given to the possibility that current DRV action is designed to cover the entry of Chinese Communist "volunteers". French concern in this regard has been sharpened by a marked drop in trans-border intelligence during the past few weeks. (S Hanoi 527, 1 Apr 51).

"A" DRV Announces "General Counter-Offensive". Pamphlets clandestinely distributed in Saigon have announced "to all classes of the Vietnamese people" that "the day of the general counter-offensive has come." It is predicted that the DRV will triumph "with the formidable forces of the Russian Red Army and those of new China to help us." (C Saigon 1751, 1 Apr 51). COMMENT: Although this explicit statement of DRV policy appears to be authentic, so many twists have been given during the past two years by DRV propagandists to the imminence of the "general counter-offensive" that this pamphlet is not necessarily to be considered as representing a decisive change in DRV strategy. The view that the DRV has not yet decided to adopt formally the slogan of "general counter-offensive" is supported by the absence, at this writing, of any recent radio broadcast on this theme.

"A" CHINA. Communist China Increases Imports Through Hong Kong. The following table shows the trend of Hong Kong's trade with China (including Macao and Taiwan) in recent months.

<u>Period</u>	(in Million HK\$ -- 6 HK\$ equal 1 US\$)	
	<u>Imports From China</u>	<u>Exports to China</u>
Mo. avg. 1950	80.2	139.1
Nov. 1950	98.4	214.6
Dec. 1950	106.3	191.6
Jan. 1951	86.7	277.0

(C. State Hong Kong D-1254, 6 Mar 51). COMMENT: Hong Kong's exports to China during January were 45% above the December figure and amounted to perhaps half of China's total imports from the West, assuming that January 1951 imports from non-Communist countries remained at the high level of October-December 1950. Chinese Communist purchasing agents in Hong Kong probably have been in a better position than importers on the mainland to deliver rapidly many of the industrial and strategic items which the Communists want from the West. Although the Communists would undoubtedly prefer to reduce their dependence on Hong Kong middlemen, they are apparently more strongly influenced at this time by the desire to speed up purchases because of the fear of increasing restrictions on strategic

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exports from Western countries to Communist China.

"A"

Sino-Soviet Policy Toward Korea.

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MAO Tse-tung returned from Moscow on 5 March with a seven-point Korean program calling for: (1) the Chinese Communists to "concentrate all their efforts" to continue the fight in Korea; (2) the dispatch of 500,000 Chinese troops to Korea from various field armies; (3) the Soviet Air Force to bomb US bases in Japan in the event of UN air operations against Manchurian targets; (4) the stationing of Soviet troops in China to reinforce depleted Chinese units; (5) the organization of an "international volunteer corps" for Korea; (6) the USSR "to send the Chinese some navy and air strength" plus tanks, trucks, fuel and ammo; and (7) the establishment of "large supply bases" along the Sino-Soviet border.

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COMMENT: It is doubtful that source has access to detailed information on high-level Sino-Soviet decisions. Although much of the above has been reported by other sources in recent weeks, this report, like most other recent reports of Sino-Soviet intentions, appears to be largely a collection of rumors deriving from widespread speculation as to future Sino-Soviet moves in Korea.

"C"

KOREA. North Korean Premier Exhorts the "Sowing Front" Radio Pyongyang reports that North Korean Premier KIM Il Sung has been touring South Pyongyang Province to learn first hand about spring sowing operations. The Premier is quoted as saying that in order to win the victory farmers must provide more food for the nation and troops. "If we fail on the sowing front", the Premier warned, "it will spell out failure on the fighting front". (R FBIS Ticker, 31 Mar 51). COMMENT: The Premier's remarks are a part of the campaign to insure a good crop in 1951 and lends further credence to reports indicating a food shortage in North Korea.

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JAPAN. Growing Ryukyuan Publicity for Return to Japan. The Okinawan Assembly on 19 March 1951 voted 15 to 3 in favor of the return of the Ryukyus to Japan. The People's Party at its fourth convention on 18 March voted similarly. The Council for the Return of Amami Oshima (Northern Ryukyus) to Japan is now firmly established and has been endorsed by the Communists. The movement for return of the Ryukyus to Japan is now in full swing, although the ordinary citizens of central and southern Ryukyus are apathetic or divided in opinion regarding their future. The Northern Ryukyus strongly favor the return. The Communist championing is unfortunate. If any of the islands are returned, the Communists will claim credit and if they are not returned the Communists will succeed in planting doubt of US integrity. (S CINCFC Joint Weeka 13, 31 Mar 51). COMMENT: The strong feeling of the Ryukyuans on this issue is shared by the Japanese, who look upon the temporary loss of these "traditionally Japanese" islands as virtually the only unfavorable aspect of the US peace treaty proposals.

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SECTION 3 (WESTERN)

"C" FRANCE. French Communists Divided on Policy toward Joliot-Curie.
 A faction within the French Communist Party (PCF) Politburo strongly favors denouncing the Communist nuclear physicist Frederic Joliot-Curie before he follows the lead of the Italian defectors. [REDACTED] 25X1C
 [REDACTED] denies that an alleged refusal by Joliot-Curie to travel to Moscow for a prolonged stay indicates an intention to quit the party. [REDACTED] believes that although Joliot-Curie has no knowledge of PCF secrets, his adherence to the party should be encouraged because of the high esteem with which he is regarded in the Satellite countries. [REDACTED] 25X1C
 21 Mar 51). COMMENT: Joliot-Curie is reported increasingly restive under PCF orders, but party blackmail based on his alleged collaboration with the Germans during the war keeps him in line. 25X1A

"A" ITALY. Communists Act to Divide Pro-Western Forces in Italy. The Italian Communists (PCI) are opening a two-pronged drive to divide the Government forces, already faced with dissension within Premier De Gasperi's Christian Democratic Party and with the probable withdrawal from the Cabinet of the Saragat (right wing) Socialists (PSLI) in order to consolidate with the Unitary Socialists (PSU). PCI leader Togliatti has repeated his offer to support any Government willing to reverse Italy's pro-Western orientation. At the same time Pietro Nenni, leader of the philo-Communist Socialist Party (PSI), has been urging that PSLI and PSU join the Communists in an electoral bloc at the municipal elections scheduled to begin in May. An agreement to this end has been reached by the four parties in Faenza (near Bologna) and has caused some apprehension in Government circles. (U, NY Times, 2 Apr 51). COMMENT: Togliatti's repetition of his recent offer suggests that the conciliatory, nationalistic line of the PCI is definitely established. An agreement between the PCI and the PSLI-PSU seems most unlikely in Faenza or any other municipality. Not only is the PCI's subservience to Moscow abhorrent to the democratic Socialists but the PSU has agreed, on PSLI's insistence, to support NATO as a condition for unification.

"C" ECUADOR. Outbreak of Violence. An outbreak of violence in the Plaza de Santo Domingo, Quito, occurred on 31 March in connection with an authorized parade of students, laborers and leftist political parties. A crowd attacked mounted police with stones, and the police, in turn, fired on it, killing two people and wounding fifteen. [REDACTED] 25X1A
 there were indications of Guevara sentiment on the part of some rioters, and [REDACTED] this may have been an 25X1C
 harassing move against the Government by Mancheno and Guevara elements in preparation for a revolutionary attempt. Embassy Quito, on the

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other hand, feels that the Quito demonstration was probably a peaceful protest by leftist organizers which got out of hand, but reports a similar disturbance the night before in Guayaquil which undoubtedly was organized by Guevara sympathizers. The presidential palace has been placed under heavy armed guard, and the streets are now patrolled by the military and the police. [REDACTED]

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R, Emb Quito 303, 1 Apr 51). COMMENT: This follows a [REDACTED] report of 30 March [REDACTED] which indicates a revolutionary plot on the part of Mancheno and Guevara and states that they might plan a series of minor disturbances prior to a revolutionary attempt. (See also OCI Daily Digest, 12 Jan and 15 Feb 51). An alliance between the fascist-inclined Carlos Guevara Moreno group and the Liberal-Radical Party followers of Colonel Carlos Mancheno, first noted in October 1950, has been strengthened in the past few months. (Guevara himself is still in a Quito jail for a revolutionary attempt last July). Its leaders may well feel that their movement has now achieved its maximum potential strength and that they should make their all-out try soon. They still seem too weak to be capable of directly effecting the overthrow of the Government. There is, however, a slight chance that they might unwittingly effect a change in administration through a revolutionary attempt by providing the personally ambitious Minister of Defense with an excuse for ousting President Plaza and taking over with a military junta under the guise of "protecting" the Government.

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APR 2 1951

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT S/S CABLES

2 April 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

"A" Gromyko Reported Anxious to Proceed With Negotiations. US delegate Jessup reports an impression received at an informal four-power meeting that Soviet delegate Gromyko is very anxious to have some Western draft agenda in writing which he could submit to Moscow. Jessup also reports his impression that Gromyko was instructed to introduce the Atlantic Treaty item when his 28 March proposal was not met with a Western draft in order to counteract any impression of Soviet weakness and unlimited concessions. Gromyko also manifested interest in whether the first Soviet agenda item would be acceptable if reworded so as to show that "German demilitarization" could be either a cause or an effect of present international tensions in Europe. (S S/S Paris 5839, 31 Mar 51). At the 2 April meeting the Western Powers are tabling a revised version of their draft agenda. (S S/S Paris 5851, 2 April 51). COMMENT: Gromyko's reported attitude may be indicative of his apprehension that the Kremlin is not satisfied with either his conduct of or the progress of the negotiations. This would be particularly true if Gromyko had entered the negotiations four weeks ago with instructions to obtain an agreed agenda, which would be of course as close to Soviet terms as possible.

SECTION 1 (SOVIET)

"B" TRIESTE. Italian Encroachment on Trieste Courts. The US Political advisor in Trieste reports that the Italian Supreme Court of Cassation is now hearing appeals from sentences of Trieste courts and in some cases is ordering retrials in Italian courts. When the Italian courts reach decisions on these retrials, AMG will have to decide whether or not to ignore the Italian court actions. (S 591 Trieste 30 Mar 51). COMMENT: The issue of Italian jurisdiction over Trieste court decisions is but one phase of the overall problem of Italian-versus AMG hegemony over Zone A of Trieste. The Italian

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administrative and social institutions in the city of Trieste, combined with the Western declaration of March 1948 supporting the return of the Territory to Italy, have helped Italian officials to gradually extend Italian influence over Allied Zone affairs.

SECTION 3 (WESTERN)

"B" UNITED KINGDOM. Foreign Office Increasingly Worried by Iranian Oil Crisis. US Embassy London reports that UK Government officials are now genuinely alarmed over the prospects of losing British investments in Iran and the oil supplies which the Government considers vital to the British economy. The Foreign Office sees more liberal financial terms to Iran as necessary, and is pressing the Anglo-Iranian Oil Company in that direction, and also recognizes that lip service at least must be paid to the principle of nationalization; but at the same time it thinks it dangerous to relinquish title to the oil properties and continues to believe it will be useless to enter into negotiations with Iran until a strong government has come into power. (See OCI Daily Digest, 29 Mar 51). The Foreign Office further indicated that if efforts at persuasion in Iran are unsuccessful, it is prepared to consider pressure, beginning with financial measures and going as far as to move British troops to a nearby base in Iraq and other military precautions if British lives were endangered by a threatened seizure of the oil properties. US Embassy London feels it significant that the Foreign Office does not discount the possibility of employing force. Meanwhile, the Foreign Office is attaching great importance to the high level US-UK talks on the subject scheduled to begin in Washington on 9 April, and has expanded the UK delegation with representatives from the Treasury and the Ministry of Fuel and Power in an effort to emphasize the importance to Britain of Iranian oil and of US support on this issue. (S S/S London 5142, 30 Mar 51). COMMENT: The likelihood of a strong Iranian Government for the British to negotiate with seems no greater than a week ago. (See OCI Daily Digest, 29 Mar 51). Furthermore, despite its increasing concern over the situation, the Foreign Office seems no closer to specific proposals to make to any Iranian Government. Nor is it clear just how the British believe they could effectively exert pressure in the present situation.

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